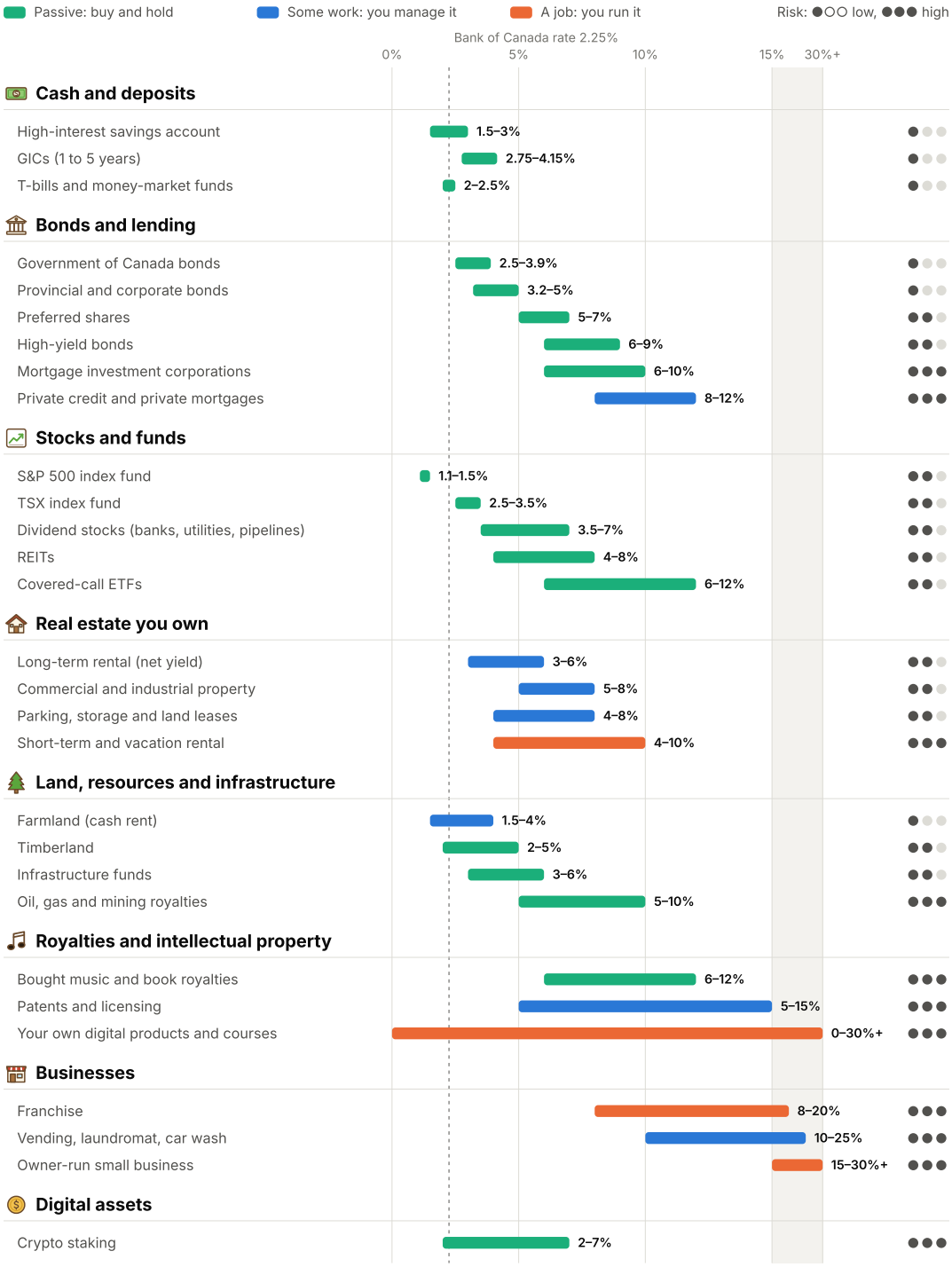
Every cash-generating asset

Cash paid to you each year, as a % of what you put in. Typical ranges in Canada, October 2026, before tax.
Higher cash yield almost always means more risk, more work, or both.



Pays you nothing while you hold it: gold, raw land, art and collectibles, unstaked crypto, growth stocks with no dividend, and cash under the mattress. They can rise in price, but they do not produce cash.

Ranges, not quotes or advice. Covered-call and REIT payouts can include return of capital. Business and IP yields vary the most.
Sources: Bank of Canada; Ratehub GIC rates (Sept 2026); fund and index yields. Full notes and tax rules in the article.

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The tables and notes from algopotato.com/blog/cash-generating-assets-list/ — typical yields in Canada, October 2026, before tax and fees. Education, not financial advice. Check current rates before you buy.

What Is a Cash-Generating Asset?

A cash-generating asset is anything you own that pays you money while you keep owning it: interest, dividends, rent, royalties or business profits. Gold, raw land, collectibles and most crypto are not cash-generating: they pay you only if you sell them for more than you paid.

There are eight families of cash-generating assets: cash and deposits, bonds and lending, stocks and funds, real estate, land and resources, royalties, businesses, and digital assets. Below is every one, with what it pays, how risky it is, how much work it takes, and how Canada taxes it. Yields are typical ranges in October 2026, when the Bank of Canada rate is 2.25%. They are a map, not quotes or advice: check current rates before you buy.

Key takeaways

- **Safest:** savings accounts and GICs, about 1.5–4.15% a year, insured by CDIC up to $100,000 per category.
- **Passive middle:** bonds, dividend stocks, REITs and covered-call ETFs pay about 3–12%, with more risk the higher you go.
- **Highest:** rentals, royalties and businesses can pay 10–30% or more, but most of that is pay for your work, and failures are common.
- **A yield far above similar assets is usually a warning,** not a bargain.
- **Tax decides what you keep:** put interest in a TFSA or RRSP first; Canadian dividends get a tax credit; half of capital gains are taxed.
- **To live on income,** divide yearly spending by the yield: $40,000 at 4% needs $1,000,000.

How to Read a Cash Yield

Cash yield is the cash an asset pays you in a year divided by what it costs. A $10,000 GIC paying $380 a year yields 3.8%. A $50 share paying $2 in dividends yields 4%.

Three things the yield alone does not tell you:

- **Total return.** Cash yield plus or minus the change in price. A stock paying 1.3% that grows 9% a year beats a bond paying 5% with no growth. Read more on total return.
- **Whether it lasts.** A yield far above similar assets usually means the market expects a cut. That is a *yield trap*: you buy for 11%, the payout is halved, and the price falls too.

- **Return of capital.** Some payouts are partly your own money handed back. It is not taxed now, but it lowers your adjusted cost base, so you pay more capital gains tax when you sell.

And after inflation (around 2% to 3%), a 3% yield is close to a 0% real return. The real question for every asset below is: *what do I keep after inflation, tax and fees?*

1. Cash and Deposits

The safest place for money you need soon, and the base of any emergency fund.

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
High-interest savings account (HISA)	1.5–3%	Low	None	Interest, monthly
GICs, 1 to 5 years	2.75–4.15%	Low	None	Interest, yearly or at maturity
HISA ETFs and money-market funds	2–2.5%	Low	None	Monthly distributions
Government of Canada T-bills	2–2.5%	Very low	Low	Bought at a discount, paid face value
US-dollar savings and GICs	2.5–4%	Low, plus currency risk	None	Interest in US dollars

In September 2026 the best 1-year GIC in Canada paid 3.65% and the best 5-year GIC paid 4.15% (Ratehub). Big-bank posted rates are usually lower, and big-bank savings accounts often pay well under 1% outside promotions. Deposits at a CDIC member are insured up to $100,000 per category per institution: see CDIC vs CIPF.

2. Bonds and Lending

You lend money; the borrower pays you interest. The risk is that they cannot pay you back, and that rising rates lower the price of the bond if you sell early.

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
Government of Canada bonds	2.5–3.9%	Low	None	Interest, twice a year
Provincial and investment-grade corporate bonds	3.2–5%	Low to medium	None	Interest, twice a year
Preferred shares	5–7%	Medium	Low	Fixed dividends, quarterly
High-yield ("junk") bonds	6–9%	Medium to high	Low	Interest
Mortgage investment corporations (MICs)	6–10%	High	Low	Monthly distributions from mortgage interest

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
Private credit, private mortgages, peer-to-peer loans	8–12%	High	Some	Interest
Life annuity (from an insurer)	About 6–7% at 65	Low	None	Monthly payments for life

Two warnings. Canada's 10-year bond yield moved between about 3.8% and 4% in October 2026, so longer bonds pay more than savings today but fall in price if rates rise. And an annuity's payout is not a yield in the same sense: much of each payment is your own money coming back, and nothing is left when you die unless you buy a guarantee. Read Bonds, GICs, HISA ETFs in Canada for how to pick between them.

3. Stocks and Funds

You own part of a company and get a share of the profit it pays out. Payouts can grow over time, which bonds cannot do, but they can also be cut.

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
S&P 500 index fund	1.1–1.5%	Medium	None	Quarterly dividends
TSX index fund	2.5–3.5%	Medium	None	Quarterly dividends
Canadian dividend stocks (banks, utilities, pipelines, telecoms)	3.5–7%	Medium	Low	Quarterly dividends
REITs (real estate investment trusts)	4–8%	Medium	Low	Monthly distributions
Covered-call ETFs	6–12%	Medium	None	Monthly distributions from dividends and option premiums
Business development companies and royalty trusts (US)	7–11%	High	Low	Quarterly distributions

The S&P 500 pays little cash because US companies buy back shares instead, so most of its return comes from price. Canadian banks and pipelines pay more and get the dividend tax credit. Covered-call ETFs trade away part of the upside for income: in a strong year they lag the market, and part of the payout is often return of capital. See The $75,000 dividend income portfolio for what living on dividends actually takes.

4. Real Estate You Own

Rent minus every cost is your cash flow. Net yield is that cash flow divided by the price (the *cap rate*), before mortgage payments.

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
Long-term residential rental	3–6% net (lower in Toronto and Vancouver)	Medium	Some	Monthly rent
Short-term and vacation rental	4–10% net	High	A job	Nightly bookings
Commercial and industrial property	5–8%	Medium	Some	Multi-year leases
Parking spaces and self-storage	4–8%	Medium	Some	Monthly rent
Land leases, cell towers, billboards, solar	4–8%	Low to medium	Low	Lease payments
Renting a room or a basement suite	Often 10%+ on the cost of fitting it out	Low	Some	Monthly rent

Rental yields in Canada's biggest cities are often below what a GIC pays, so many landlords there rely on the property's price rising. Check local short-term rental rules before you buy: many cities and provinces restrict them. More in Real Estate and REITs in Canada.

5. Land, Resources and Infrastructure

Things the world keeps using: food, wood, energy, roads and pipes.

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
Farmland rented to a farmer	1.5–4%	Low	Some	Yearly cash rent
Timberland (direct or through funds)	2–5%	Medium	None to some	Timber sales
Infrastructure funds and utilities	3–6%	Medium	None	Dividends and distributions
Oil, gas and mining royalties and streaming companies	5–10%	High	None	A share of production revenue
Water rights and carbon credits	Varies widely	High	Some	Sale or lease of rights

Royalty companies get paid on what comes out of the ground without running the mine or the well, which makes them steadier than producers, but their payouts still follow commodity prices.

6. Royalties and Intellectual Property

Money every time someone uses something you own.

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
Bought music and book royalties	6–12% on the purchase price	High	None	Royalty payments, usually quarterly
Patents and licensing	5–15% or none at all	High	Some	Licence fees
Your own books, courses, apps, templates, stock photos	0% to well over 30% on time and money spent	High	A job up front	Sales and subscriptions

Royalties you buy can fade as a song or a book gets old. Creating your own is mostly paid in time: most digital products earn little, and a few earn a lot.

7. Businesses

The highest cash yields on this list, because you are paid for your work as well as your money.

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
Vending machines, laundromats, car washes	10–25%	High	Some	Profits
Franchise	8–20%	High	A job	Profits after royalties to the franchisor
Owner-run small business	15–30% or more	High	A job	Profits
Silent stake in a private business	0–20%	Very high	None	Share of profits

When you buy a business, separate the return on your money from the wage for your time. If a store earns $80,000 a year and running it would cost $60,000 to hire a manager, the asset pays $20,000.

8. Digital Assets

ASSET	TYPICAL CASH YIELD	RISK	EFFORT	HOW IT PAYS YOU
Crypto staking (proof-of-stake coins)	2–7% in coins	Very high	Low	New coins for helping secure the network
Crypto lending platforms	Varies	Very high	Low	Interest

Staking rewards are paid in a coin whose price can fall far more than the yield. Lending platforms paid high rates until several failed: Celsius froze withdrawals in 2022 and went bankrupt. A deposit insurance scheme like CDIC does not cover crypto.

What Does Not Generate Cash

These can be good assets, but they pay you nothing while you hold them. You profit only if someone pays more later:

- **Gold, silver and other commodities** (storage can cost you money)
- **Raw land** with no lease (you pay property tax)
- **Art, cards, watches, wine, cars and other collectibles**
- **Bitcoin and other coins that are not staked**
- **Growth stocks that pay no dividend**
- **Your own home**: it saves you rent, which is valuable, but it does not pay you cash unless you rent part of it out
- **Cash under the mattress**, which loses value to inflation every year

How Canada Taxes Cash Income

The same $1,000 of income can leave you very different amounts after tax. Full detail in How Investments Are Taxed in Canada.

KIND OF INCOME	COMES FROM	HOW IT IS TAXED OUTSIDE A TFSA OR RRSP
Interest	Savings, GICs, bonds, MICs, private loans	Fully, at your marginal rate
Canadian eligible dividends	Most large Canadian companies	Grossed up, then reduced by the dividend tax credit: lowest tax at low and middle incomes
Foreign dividends	US and international stocks	Fully, plus withholding tax (15% for US, often credited back)
Capital gains	Selling for more than you paid	Half the gain is taxed (capital gains)
Return of capital	REITs, covered-call ETFs	Not taxed now; lowers your cost base
Rental income	Property you rent out	Net of costs, fully, at your marginal rate
Business income	A business you own	Personal rates, or small business rates through a corporation

Which Ones Fit in a TFSA or RRSP

Sheltering income from tax can matter more than picking the asset with the highest yield. Most market assets are qualified investments; most hands-on ones are not.

CAN GO IN A TFSA, RRSP OR FHSA	CANNOT GO IN ONE DIRECTLY
Savings, GICs, T-bills, bonds	A rental property you own (a REIT can)
Canadian and US listed stocks, preferred shares	A private business you control
REITs, ETFs and mutual funds, including covered-call ETFs	Art, cards, wine and other collectibles

CAN GO IN A TFSA, RRSP OR FHSA	CANNOT GO IN ONE DIRECTLY
Crypto ETFs	Crypto coins held directly, and staking rewards

Put fully taxed interest in the RRSP or TFSA first. US dividends belong in an RRSP, where the 15% US withholding tax does not apply: see US withholding tax for Canadian investors.

Building an Income Stream

1. **Start with cash.** Three to six months of spending in a HISA or short GICs before anything riskier.
2. **Add the passive core.** Broad index funds plus a slice of bonds or GICs: cheap, diversified and no work. See How to start investing.
3. **Tilt to income if you want it.** Canadian dividend stocks, REITs or a covered-call fund, in the right account.
4. **Add an active asset only if you want the work.** A rental or a business can pay far more, but it is a second job.
5. **Reinvest the cash while you are building.** Reinvested income is what makes compound interest work.

How much do you need? Divide your yearly spending by your yield. At 4%, $40,000 a year needs about $1,000,000. That is the same arithmetic as your FIRE number and the 4% rule.

Yields are typical ranges in Canada in October 2026, before tax and fees, gathered from Bank of Canada data, Ratehub's GIC rate survey (September 2026), and the published yields of index funds and sector ETFs. They change with interest rates and markets. This article is education, not financial advice: see our editorial policy and disclaimer.

My cash-flow plan

Fill this in with a pencil. Update it once a year, or when rates move.

My yearly spending $_____ ÷ my portfolio's yield _____% = the portfolio I need $_____

Example: $40,000 a year ÷ 4% = $1,000,000. At 5% it is $800,000; at 3% it is $1,333,333.

ASSET	ACCOUNT (TFSA, RRSP, FHSA, TAXABLE)	AMOUNT	YIELD %	YEARLY CASH

Total yearly cash $_____ · Goal $_____ · Gap $_____

Before you buy any income asset: ☐ Emergency fund of 3–6 months in place ☐ Interest-paying assets in the TFSA or RRSP first ☐ US dividends in the RRSP ☐ Yield checked against similar assets (too high = trap?) ☐ Fees under 0.5% a year ☐ Deposits within CDIC limits